

NETWORK ONE®

Integrated Telecom Services for Business

May 23, 2000

Tennessee Regulatory Authority
Attn: Mr. David Waddell – Executive Secretary
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Application of CRG International, Inc. d/b/a Network One

Dear Sirs:

Enclosed please find thirteen (13) copies of the application for certificate to provide facilities based local exchange services in Tennessee. The Commission already has an original copy of the application. The Company is currently authorized to provide interexchange and local exchange services on a resale basis. Also enclosed is Check No. 11074 in the amount of \$25.00 to cover the requisite filing fee.

Please acknowledge receipt of this filing by returning a date stamped copy of this cover letter in the self-addressed envelope provided.

Please advise if you have any questions or if additional information is required. I can be reached at (770) 980-0080 x111 or my email suzanne@networkonecom.com.

Sincerely,



Suzanne K. Walters – Administrator – Legal & Regulatory
CRG International, Inc. d/b/a Network One

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In the matter of the application)
of **CRG International, Inc. d/b/a**)
Network One to provide facilities)
based local exchange telecommunications)
services)

Pursuant to applicable Tennessee Statutes and the rules and regulations of the Tennessee Regulatory Authority and Section 253 of the Federal Telecommunications Act of 1996, CRG International, Inc. d/b/a Network One respectfully requests that the Tennessee Regulatory Authority grant it authority to provide facilities based local exchange telecommunications services within the State of Tennessee. CRG International, Inc. is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications services. CRG International, Inc. is certified to provide local exchange services on a resale basis under docket number 99-00602.

In support of the application, CRG International, Inc. submits the following:

1. The full name and address of the Applicant is:

CRG International, Inc. d/b/a Network One
2000 Riveredge Parkway, Suite 900
Atlanta, GA 30328
Telephone (770) 980-0080
Fax (770) 980-1122

2. Questions regarding this application should be directed to:

Thomas W. Brinkman
Senior V. P. of Operations
2000 Riveredge Parkway, Suite 900
Atlanta, GA 30328

3. Contact name and address at the Company is

Thomas W. Brinkman
Senior V.P. of Operations
2000 Riveredge Parkway, Suite 900
Atlanta, GA 30328

4. Names and addresses of all officers

The names and addresses of all officers are contained in **Exhibit A** of this application.

5. Corporate Information

CRG International, Inc. was incorporated within the State of Georgia in June of 1992. A copy of the Articles of Incorporation and amendments are contained in **Exhibit B** of this application.

6. Repair and Maintenance Information

CRG International, Inc. understands the importance of effective customer service for local service consumers. CRG has made arrangements for its customers to call the company at its toll-free customer service number. In addition, customers may contact the company in writing at the headquarters address. The toll-free number will be printed on the customers' monthly billing statements.

7. Status of CRG in other states

See **Exhibit C**

8. The applicant's toll dialing parity plan is contained in **Exhibit D** of this application.

9. CRG International, Inc. will support the Small and Minority Owned Businesses pursuant to rule 65-5-213 of the Tennessee Regulatory Authority Public Utility Regulations.

10. The applicant's officers have the managerial and technical experience necessary to execute the business plan described herein. In support of Applicant's managerial and technical ability to provide the services for which authority is sought herein, Applicant submits a summary of the managerial experience in **Exhibit E** of this application.

11. In support of Applicant's financial ability to provide the proposed services, Applicant submits herewith as **Exhibit F** its most recent financial statements.

12. Authorization to do business within Tennessee

See **Exhibit G**

13. The company will bill customers directly for all interexchange services.

14. Proposed service area

The applicant proposes to offer its services throughout the State of Tennessee in areas currently served by BellSouth which are designated to competition. Marketing efforts will be concentrated in major metropolitan areas.

15. Types of facilities based local exchange service to be provided

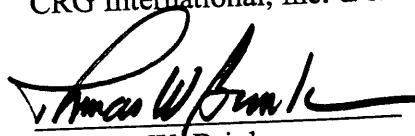
CRG International, Inc. expects to offer a broad variety of facilities based local exchange services to small and medium size business customers in Tennessee. The initial line of local services will be comparable to that currently offered by the incumbent LECS. Initially, CRG International, Inc. plans to offer basic access line services, PBX and DID services, Optional Calling Features, Directory Assistance, Directory Services, and Operator Services on the UNE platform and its own local facilities in selected areas.

Statement of Compliance

CRG International, Inc. agrees to abide by all applicable statutes and all applicable Orders, rules and regulations entered and adopted by the Tennessee Regulatory Authority.

Respectfully submitted this 5 day of May 2000.

Respectfully submitted
CRG International, Inc. d/b/a Network One

A handwritten signature in black ink, appearing to read "Thomas W. Brinkman", written over a horizontal line.

Thomas W. Brinkman
Sr. V. P. of Operations
2000 Riveredge Parkway, Suite 9800
Atlanta, GA 30328
(770) 980-0080

Exhibit A

Officer names and addresses

Gene E. Lane, Jr.
President/CEO
2000 Riveredge Parkway, Suite 900
Atlanta, GA 30328

Frank J. Pazera
CFO
2000 Riveredge Parkway, Suite 900
Atlanta, GA 30328

Exhibit B

Articles of Incorporation

Secretary of State
Corporations Division
Suite 315, West Tower
2 Martin Luther King Jr. Dr.
Atlanta, Georgia 30334-1530

DOCKET NUMBER : 973040723
CONTROL NUMBER: 9211048
EFFECTIVE DATE: 10/31/1997
REFERENCE : 0045
PRINT DATE : 10/31/1997
FORM NUMBER : 115

KILPATRICK STOCKTON LLP
TAMMY D. THOMAS
1100 PEACHTREE ST, STE 2800
ATLANTA, GA 30309

CERTIFICATE OF RESTATED ARTICLES OF INCORPORATION

I, Lewis A. Massey, the Secretary of State and the Corporation
Commissioner of the State of Georgia, do hereby certify under the
seal of my office that the articles of incorporation of

CRG INTERNATIONAL, INC.
A DOMESTIC PROFIT CORPORATION

have been duly restated and amended by the filing of articles of
restatement in the office of the Secretary of State and by the
paying of fees as provided by Title 14 of the Official Code of
Georgia Annotated. Attached hereto is a true and correct copy of
said articles of restatement.

WITNESS my hand and official seal in the City of Atlanta and the
State of Georgia on the date set forth above.



Lewis A. Massey

Lewis A. Massey
Secretary of State

SECOND AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
CRG INTERNATIONAL, INC.

Pursuant to Section 14-2-1007 of the Georgia Business Corporation Code, CRG International, Inc. hereby amends and restates its Articles of Incorporation in their entirety as follows:

ARTICLE ONE

Name

The name of the corporation is CRG International, Inc.

ARTICLE TWO

Purpose

The purpose of the corporation is to engage in any lawful activity for which a corporation may be organized under the Georgia Business Corporation Code.

ARTICLE THREE

Authorized Shares

The corporation shall have authority to be exercised by the Board of Directors to issue a total of 10,000,000 shares of stock, consisting of 9,134,881 shares of Common Stock having a par value of \$.001 per share, and 865,119 shares of Preferred Stock having a par value of \$.001 per share.

Preferred Stock

There shall be authorized and created three series of Preferred Stock, hereby designated as Series A Convertible Preferred Stock, to consist of 357,543 shares, par value of \$.001 per share, Series B Convertible Preferred Stock, to consist of 166,667 shares, par value of \$.001 per share, and Series C Convertible Preferred Stock, to consist of 340,909 shares, par value of \$.001 per share. The designations, preferences and relative, participating, optional or other special rights of such Preferred Stock and its relation to the Common Stock, and the modifications, limitations or restrictions thereof shall be as set forth herein.

Definitions. As used herein, the following terms shall have meanings shown below:

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For the purpose of the above definition, the term "control" (including with correlative meaning, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Board" shall mean the Board of Directors of the Corporation.

"Common Stock" shall mean the common stock, \$.001 par value per share, of the Corporation.

"Conversion Price" shall mean (i) as to the Series A Preferred Stock, \$5.593733, (ii) as to the Series B Preferred Stock, \$6.00, and (iii) as to the Series C Preferred Stock, \$8.80, as of the Original Issue Date for each such series, as the same shall be thereafter adjusted as provided herein.

"Corporation" shall mean CRG International, Inc., a Georgia corporation doing business as Network One.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall mean:

(i) for any security that is either listed on an exchange registered under the Exchange Act or with respect to which sale prices are reported, or bid and offered prices are noted by the National Association of Securities Dealers, Inc. ("NASD") for the twenty trading days prior to the date on which the Fair Market Value of such security is to be determined, the average for such 20 trading days of (A) the mean between the reported high and low sales prices for such security on each such trading day, or (B) if no sales are reported on any such trading day, the mean between the bid and offered prices for such security on such trading day;

(ii) for any security that is neither listed on an exchange registered under the Exchange Act nor with respect to which sale prices are reported, or bid and offered prices are quoted by the NASD for the 20 trading days prior to the date as of which

the Fair Market Value of such security is to be determined, but which security has been offered to the public pursuant to a Public Offering within 20 trading days prior to the date as of which the Fair Market Value of such security is to be determined, the initial offering price for such security in such Public Offering as set forth in the effective registration statement therefor, less the amount of any underwriter's discount or commission with respect to such security, as set forth in the effective registration statement therefor; and

(iii) for any security or non-cash asset not within the provisions of (i) or (ii) above, except as otherwise specifically set forth herein, the fair value as determined by the Board in the exercise of its good faith judgment.

"Merger, Share Exchange or Consolidation" shall mean the merger, statutory share exchange or consolidation of the Corporation into and with another corporation.

"Option Plans" shall mean the 1996 Stock Incentive Plan dated March 1, 1996, as amended (the "1996 Stock Option Plan") with no more than 134,031 shares of Common Stock reserved for issuance, subject to adjustment as provided therein. For purposes of these Amended and Restated Articles of Incorporation, the issuance of up to 27,431 shares of Common Stock pursuant to the exercise of options which were not granted under the 1996 Stock Option Plan and which were outstanding on October 31, 1997, shall be considered issuances under Option Plans; provided, however, in no event shall the number of shares issued under all Option Plans, including the 1996 Stock Option Plan, exceed 161,462 shares.

"Original Issue Date" shall mean the date on which the Series A Preferred Stock, Series B Preferred Stock or the Series C Preferred Stock, as applicable, is first issued.

"Original Purchase Price" shall mean (i) as to the Series A Preferred Stock, \$5.593733, (ii) as to the Series B Preferred Stock, \$6.00, and (iii) as to the Series C Preferred Stock, \$8.80.

"Person" shall mean an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, or a government or any department or agency thereof.

"Preferred" or "Preferred Stock" shall mean the Series A Convertible Preferred Stock, par value \$.001 per share, the Series B Convertible Preferred Stock, par value \$.001 per share, and the Series C Convertible Preferred Stock, par value \$.001 per share, of the Corporation.

"Public Offering" shall mean a bona fide firm commitment underwritten offering of stock of the Corporation pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission pursuant to the Securities Act.

"Qualified Public Offering" shall mean a Public Offering of Common Stock in which the aggregate market capitalization of the Company is greater than \$35,000,000 and at a price per share to the public of not less than three (3) multiplied by the current Conversion Price of the Series C Preferred Stock (as adjusted in accordance with the provisions of Section 4).

"Sale of Assets" shall mean:

(i) the sale, lease, assignment, transfer, or other conveyance of all or substantially all of the assets of the Corporation, on a consolidated basis, in any transaction or integrated series of transactions by the Corporation or any of its Subsidiaries; or

(ii) the sale, assignment, transfer, pledge, hypothecation or other disposition of all or substantially all of the shares of capital stock of Subsidiaries of the Corporation holding all or substantially all of the assets of the Corporation, on a consolidated basis;

in the case of both (i) and (ii) other than a pledge or assignment creating a pledge, lien or security interest in the assets of the Corporation or any Subsidiaries for the purpose of securing a loan to the Corporation or any of its Subsidiaries from an institutional lender.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Series A Preferred Stock" shall mean the Series A Convertible Preferred Stock, \$.001 par value per share, of the Corporation.

"Series B Preferred Stock" shall mean the Series B Convertible Preferred Stock, \$.001 par value per share, of the Corporation.

"Series C Preferred Stock" shall mean the Series C Convertible Preferred Stock, \$.001 par value per share, of the Corporation.

"Subsidiary" shall mean any Person of which 50% or more of the capital stock or other equity interests are held, directly or indirectly, by the Corporation.

1. Voting Rights.

1.1 General. Except as otherwise provided by law, each outstanding share of Preferred shall be entitled to vote on each matter on which the stockholders of the Corporation are entitled to vote. Each share of Preferred shall have the number of votes equal to the number of shares of Common Stock into which such share is convertible under Section 4 hereof, and such number of shares of Common Stock shall be included in determining the number of shares voting or entitled to vote on any such matter. Except as otherwise required by law, and except for any matter on which holders of Preferred have the right to vote separately as a class either hereunder or under applicable law, holders of Preferred shall vote together as a single class with holders of Common Stock.

1.2 Right to Elect Directors. For so long as there remains outstanding any Preferred, holders of the Series A Preferred Stock and Series B Preferred Stock, voting separately as a class, shall have the right to elect, by the vote or written consent of a majority of the Series A Preferred Stock and Series B Preferred Stock outstanding, one member of the Board, and holders of the Series C Preferred Stock, voting separately as a class, shall have the right to elect, by the vote or written consent of a majority of the outstanding Series C Preferred Stock, one member of the Board. The corporation shall not amend or repeal any provision of, or add any provision to the Corporation's Articles of Incorporation or Bylaws, or take any other action by resolution of the Board or otherwise, if such action would alter the ratio (two-fifths) between the number of directors which the holders of Preferred are entitled to elect pursuant to this Section 1.2, and the total number of directors comprising the Board, unless the Corporation shall have first obtained the affirmative vote or written consent of a majority of each series of the outstanding Preferred, each voting separately as a class. Any vacancy in the Board occurring because of the death, resignation or removal of a director elected by holders of (i) the Series A Preferred Stock and the Series B Preferred Stock, voting separately as a class, shall be filled by the vote or written consent of the holders of a majority of such series then outstanding, and (ii) the Series C Preferred Stock, voting separately as a class, shall be filled by the vote or written consent of the holders of a majority of such series then outstanding. A director elected by the holders of a series of Preferred, voting separately as a class, may be removed from the Board without cause only by the vote or written consent of the holders of a majority of the outstanding shares in the series entitled to elect such director.

1.3 Special Voting Rights of Preferred. In addition to any other rights provided by law, the Corporation shall not, without first obtaining the affirmative vote or written consent of holders representing at least a majority of the outstanding Preferred voting separately as a class:

- (i) increase the authorized number of shares of Preferred;
- (ii) except for a Qualified Public Offering, authorize or issue shares of any class or series of stock, or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, any shares of stock of the Corporation, except for issuance of options and underlying Common Stock pursuant to the Option Plans;
- (iii) create a new class or series or change a class or series of shares with subordinate and inferior rights into a class or series of shares having rights, preferences, or privileges prior, superior or substantially equal to the Preferred, or increase the rights, preferences or number of authorized shares of any class or series having rights or preferences with respect to distributions or to dissolution that are prior, superior, or substantially equal to those of the Preferred;
- (iv) effect an exchange or reclassification of all or part of the Preferred into shares of another class; effect an exchange or reclassification, or create a right of exchange, of all or part of the shares of another class or series into the Preferred; change the designations, rights, preferences, or limitations of all or part of the Preferred; change all or part of the Preferred into a different number of shares of Preferred; cancel or otherwise affect rights to distributions or dividends that have accumulated but not yet been declared on all or part of the Preferred; or amend or repeal any provision of, or add any provision to, the Corporation's Articles of Incorporation or Bylaws in any manner which would adversely affect the rights of holders of the Preferred;
- (v) effect any liquidation, dissolution or winding up of the Corporation or change in the nature of the Corporation's business;
- (vi) purchase, redeem or otherwise acquire for value (or pay into or set aside as a sinking fund for such purpose) any of the Common Stock of the Corporation, make any distributions or pay dividends in cash or other property with respect to the

Common Stock, whether pursuant to any agreement existing on the Original Issue Date or otherwise;

(vii) effect a Sale of Assets; or

(viii) effect a Merger, Share Exchange or Consolidation.

2. Dividends.

2.1. General. Except as provided in this Section 2, the Corporation shall not declare or pay any dividend or other distribution on the Common Stock (except dividends or other distributions payable solely in Common Stock), unless the Corporation shall have previously declared and paid or shall simultaneously declare and pay a dividend or other distribution on the Preferred in such amount so that each holder of Preferred shall receive the amount that such holder would have received had such holder converted such holder's shares of Preferred into Common Stock immediately prior to the record date of such dividend or other distribution on the Common Stock.

2.2. Preferred Dividends. Dividends shall accrue on each share of Preferred at the rate of six percent (6%) per annum of the Conversion Price on the Original Issue Date of each such share of Preferred. Dividends shall only be declared and be payable in cash (except when payment in shares of Common Stock is expressly prescribed in these Articles) on each share of Preferred from time to time (i) as determined by the Board of Directors; (ii) upon redemption in accordance with Section 5 hereof; (iii) upon the voluntary or involuntary conversion of the Preferred on the terms hereof; or (iv) upon the liquidation of the Corporation as provided in Section 5 hereof. If any dividend on any Preferred shall for any reason not be paid at the time such dividend is due, then such dividend in arrears shall accrue cumulatively and will be paid as soon as payments of same shall be permissible under the provisions of the Georgia Business Corporation Code, or at the option of the holder of Preferred, the Corporation shall pay in shares of Common Stock to such holder of Preferred the full amount of any such dividends. Any dividends paid by the Corporation to a holder shall first be applied in payment of accumulated dividends which are most in arrears on the shares owned by such holder.

2.3 Distribution of Partial Dividend Payments. If at any time the Corporation shall pay less than the total amount of dividends due on any shares of Preferred in accordance with paragraph 2.2 hereof, at the time of such payment, such payment shall be distributed among the holders of the Preferred so that the holder of each such share of Preferred shall receive a partial dividend with respect to such shares equal to the total dividend then due on such share multiplied by a fraction, the numerator

of which is the total amount of the partial dividend payments to be made on all Preferred in connection with this paragraph 2.3 and the denominator of which is the total amount of dividends due on all such shares of Preferred at the time of such payment.

2.4 Payment of Dividends in Common Stock. Upon conversion of any shares of Preferred in connection with a Qualified Public Offering, the Corporation shall pay all accrued but unpaid dividends in shares of Common Stock valued at the Public Offering price, except that in lieu of issuing fractional shares, the Corporation shall pay cash.

3. Liquidation Preference.

3.1 Amount Payable to Preferred Holders. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of Common Stock by reason of their ownership thereof, the holders of Preferred shall be entitled to receive an amount per share equal to the greater of (i) the sum of (A) the consideration received by the Corporation on the Original Issue Date for each share of Preferred, *plus* (B) all accrued and unpaid dividends payable with respect to such share of Preferred, *plus* (C) such additional amount necessary to generate a combined internal rate of return of 17.5% of the Conversion Price per share, compounded annually from the Original Issue Date of each such series until the date of such liquidation, dissolution or winding up; or (ii) the sum of (A) the amount distributable to the Preferred on a pro rata basis with the Common Stock in accordance with the number of shares of Common Stock into which each such share of Preferred is then convertible pursuant to Section 4 hereof, *plus* (B) all accrued and unpaid dividends payable with respect to each such share of Preferred immediately prior to such conversion. In the event that the assets and funds of the Corporation are insufficient to permit payment to all Preferred holders of the full amount described above, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Preferred in proportion to the full amount to which each holder would otherwise be entitled.

3.2 Certain Events Treated as a Liquidation. For purposes of this Section 3, at the election of holders of a majority of the Preferred, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, and to include, a Sale of Assets or the acquisition of the Corporation by another entity by means of a Merger, Share Exchange or Consolidation resulting in the exchange of the outstanding shares of the Corporation for securities or other consideration issued, or caused to be issued, by the acquiring corporation or entity. In the event of any such transaction, the holders of Preferred shall be entitled, pursuant to and as a condition to such transaction, to receive in the manner

provided in paragraph 3.1 the amounts such holder would receive pursuant to a liquidation, dissolution or winding up in which the amount of assets available for distribution equals the consideration to be received in such transaction by the holders of capital stock of the Corporation. In such event, a Preferred holder shall not be entitled to the consideration provided for in paragraph 4.8 hereof. Notwithstanding the provisions of paragraph 4.8 hereof, the holders of Preferred may elect to be governed by the provisions of this paragraph 3.2 in transactions to which this paragraph applies by giving notice to the Corporation on or before the later of (x) the day on which the holders of the Common Stock of the Corporation approve the transaction governed by paragraph 4.8, and (y) the twentieth day following the date of delivery or mailing to such holder of the last proxy statement relating to the vote on the transaction by the holders of the Common Stock of the Corporation.

3.3 Valuation. Any asset other than cash that is distributed by the Corporation shall be valued at its Fair Market Value.

4. Conversion.

4.1 Right to Convert. Subject to and upon compliance with the provisions hereof, each record holder of Preferred shall be entitled at any time to convert each share of such holder's Preferred into such number of shares of Common Stock as is determined by dividing the Original Purchase Price by the Conversion Price (determined in accordance with this Section 4) in effect at the time of conversion.

4.2 Conversion Price; Adjustments. On the Original Issue Date, the Conversion Price shall be the Original Purchase Price, subject to adjustment in accordance with the provisions hereinafter set forth.

4.2.1 Special Definitions. For purposes of this Section 4, the following definitions shall apply:

(a) "Options" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(b) "Convertible Securities" shall mean any evidence of indebtedness, shares (other than Common Stock and Preferred) or other securities convertible into or exchangeable for Common Stock.

(c) "Additional Shares of Common" shall mean all shares of Common Stock issued or sold (or, pursuant to subparagraph 4.2.4 below, deemed to be issued or sold) by the Corporation after the Original Issue Date of the Series A Preferred Stock, other than:

(i) shares of Common Stock issued or issuable upon conversion of shares of Preferred;

(ii) shares of Common Stock issued as a dividend or distribution on Preferred;

(iii) shares of Common Stock issued in a Qualified Public Offering;

(iv) shares of Common Stock issued or issuable upon exercise of stock options granted from time to time under the Option Plans; and

(v) up to 16,408 shares of Common Stock issued or issuable upon exercise of that certain warrant granted to Star Bank, National Association on October 31, 1997.

4.2.2 Adjustment of Conversion Price Upon Issuance of Additional Shares of Common. In the event the Corporation shall issue or sell Additional Shares of Common (including Additional Shares of Common deemed to be issued or sold pursuant to subparagraph 4.2.4 below) without consideration or for a consideration per share less than any Conversion Price in effect on the date of and immediately prior to such issue or sale, then and in such event, such Conversion Price shall be reduced concurrently with such issue or sale, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue or sale plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued or sold would purchase at such Conversion Price, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue or sale plus the number of such Additional Shares of Common so issued or sold. For purposes of the foregoing, all shares of Common Stock issuable upon conversion of all outstanding Preferred and Convertible Securities, and upon exercise of all outstanding Options, shall be deemed to

be outstanding, and immediately after any Additional Shares of Common Stock are deemed issued or sold pursuant to subparagraph 4.2.4 below, such Additional Shares of Common Stock shall be deemed to be outstanding.

4.2.3 No Adjustment of Conversion Price. No adjustment in a Conversion Price shall be made in respect of the issuance or sale of Additional Shares of Common Stock unless the consideration per share (determined in accordance with subparagraph 4.2.5 below) for an Additional Share of Common Stock issued or sold or deemed to be issued or sold by the Corporation is less than such a Conversion Price in effect on the date of, and immediately prior to, such issue or sale.

4.2.4 Deemed Issue of Additional Shares of Common.

(a) Options and Convertible Securities. In the event the Corporation at any time or from time to time after the Original Issue Date shall issue or sell any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities or the exercise of such Options, shall be deemed to be Additional Shares of Common issued or sold as of the time of such issue or sale or, in case such a record date shall have been fixed, as of the close of business on such record date; provided, that Additional Shares of Common shall not be deemed to have been issued or sold unless the consideration per share (determined pursuant to subparagraph 4.2.5 below) of such Additional Shares of Common would be less than any Conversion Price in effect on the date of and immediately prior to such issue or sale, or such record date, as the case may be; and provided further, that in any such case in which Additional Shares of Common are deemed to be issued or sold:

(i) no further adjustment in a Conversion Price shall be made upon the subsequent issue or sale of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Corporation, or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issue or sale thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustment based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(iii) no readjustment pursuant to clause 4.2.4 (a) (ii) above shall have the effect of increasing a Conversion Price to an amount which exceeds the lower of (i) the Conversion Price for such series on the original adjustment date, or (ii) the Conversion Price for such series that would have resulted from any issuance or sale of Additional Shares of Common Stock between the original adjustment date and such readjustment date; and

(iv) any adjustment in a Conversion Price as a result of a deemed issuance of Common Stock as provided in this paragraph 4.2.4 shall be reversed if and to the extent such Options or Convertible Securities expire or are cancelled without additional shares of Common Stock being issued.

(b) Stock Dividends. In the event the Corporation at any time or from time to time after the Original Issue Date of the Series A Preferred Stock shall issue or deliver any shares of Common Stock pursuant to a declaration of any dividend or other distribution on Common Stock payable in Common Stock, the Additional Shares of Common Stock shall be deemed to have been issued or delivered immediately after the close of business on the record date for the determination of holders of any class of securities entitled to receive such dividend or other distribution.

4.2.5 Determination of Consideration. For purposes of this paragraph 4.2, the consideration received by the Corporation for the issue or sale of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property. Such consideration shall:

(i) insofar as it consists of cash, be equal to the aggregate amount of cash received by the Corporation excluding amounts paid or payable for accrued interest or accrued dividends;

(ii) insofar as it consists of property other than cash, be equal to the Fair Market Value thereof at the time of such issue or sale; and

(iii) in the event Additional Shares of Common Stock are issued or sold together with other shares or securities or other assets of the Corporation for consideration which covers the Additional Shares of Common Stock and such other shares, securities, or other assets, be equal to the proportion of such consideration so received in respect of the Additional Shares of Common Stock, computed as provided in clause 4.2.5(a) (i) and clause 4.2.5(a) (ii) above, in good faith by the Board.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued or sold pursuant to subparagraph 4.2.4(a) above, relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amounts if any, received or receivable by the Corporation as consideration for the issuance or sale of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the

exercise of such Options or the conversion or exchange of such Convertible Securities.

(c) Stock Dividends. Any Additional Shares of Common Stock deemed to have been issued or sold by reason of stock dividends or other distributions payable in Common Stock shall be deemed to have been issued or sold for no consideration.

4.3 Stock Splits; Adjustments. If the Corporation shall in any manner subdivide (by stock split, Merger, Share Exchange or Consolidation, or otherwise) the outstanding shares of Common Stock into a greater number of shares of Common Stock or stock for which Common Stock is to be exchanged, or combine (by reverse stock split, Merger, statutory share exchange or Consolidation, or otherwise) the outstanding shares of Common Stock into a lesser number of shares of Common Stock or stock for which Common Stock is to be exchanged, or issue by reclassification of its shares of Common Stock any shares of the Corporation, the Conversion Price in effect immediately prior thereto shall be adjusted so that each holder of Preferred shares thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock or stock for which Common Stock is to be exchanged which such holder would have owned or been entitled to receive after the happening of any of the events described above if such shares of Preferred had been converted immediately prior to the happening of such event on the day upon which such event becomes effective.

4.4 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of any Conversion Price, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder that has conversion rights hereunder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder having conversion rights furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment and readjustment, (ii) each Conversion Price at the time in effect, and (iii) the number of shares and the amount, if any, of other property which at the time would be received upon conversion by such holder.

4.5 Conversion Procedure. Any conversion of shares hereunder (other than mandatory conversion pursuant to paragraph 4.6 below) shall be effected by the surrender of the certificate or certificates representing the shares to be converted (the "Converting Shares") duly endorsed to the Corporation or in blank, at the principal office of the Corporation (or such other office or agency of the Corporation as the Corporation may designate by written notice to the holders of the Converting Shares) at any time during its usual business hours, together with written notice by the holder of such

Converting Shares to the Corporation, stating that such holder desires to convert the Converting Shares, or a stated number of the shares represented by such certificate or certificates, into the number of shares of Common Stock into which such shares may be converted (the "Converted Shares"). Subject to any applicable transfer restrictions, if the Converted Shares are to be transferred, such notice shall also state the name or names (with addresses) and denominations in which the certificate or certificates for Converted Shares are to be issued and shall include instructions for reasonable delivery thereof. Promptly (but in any event within 10 days) after such surrender and the receipt of such written notice, the Corporation shall issue and deliver in accordance with the surrendering holder's instructions the certificate or certificates evidencing the Converted Shares issuable upon such conversion, and the Corporation shall deliver to the converting holder a certificate representing any shares which were represented by the certificate or certificates that were delivered to the Corporation in connection with such conversion, but which were not converted, which new certificate or certificates shall contain such legends as were set forth on the surrendered certificate or certificates, and shall entitle the holder thereof to the same rights of the shares of Preferred represented thereby as if the certificate theretofore covering such unconverted shares had not been surrendered for conversion. Such conversion, to the extent permitted by law, will be deemed to have been effected as of the close of business on the date on which such certificate or certificates have been surrendered and such notice has been received by the Corporation, and at such time the rights of the holder of the Converting Shares as such holder will cease with respect thereto (except as provided in paragraph 4.9 below), and the person or persons in whose name or names the certificate or certificates for the Converted Shares are to be issued upon such conversion will be deemed to have become the holder or holders of record of the Converted Shares. Upon issuance of shares in accordance with this paragraph, such Converted Shares will be deemed to be duly authorized, validly issued, fully paid and nonassessable.

4.6 Mandatory Conversion. All shares of Preferred shall automatically be converted into shares of Common Stock, in accordance with paragraph 4.1, at the then applicable Conversion Price (determined under paragraph 4), as of the effective date of the registration statement relating to a Qualified Public Offering; provided, however, in the event the Qualified Public Offering does not close, no such conversion shall be deemed to have occurred.

4.7 Mandatory Conversion Procedure. At least thirty (30) days prior to the effective date of any Qualified Public Offering, the Corporation shall give written notice to each holder of record of Preferred, by certified mail enclosed in a postage paid envelope addressed to such holder at such holder's address as the same shall appear on the books of the Corporation. Such notice shall (i) state that the conversion of the Preferred shares shall occur in accordance with paragraph 4.6 hereof, (ii) specify the anticipated effective date of the Qualified Public Offering, on which the Preferred Shares

will be so converted (the "Conversion Date"), and (iii) call upon such holder to exchange on or after the Conversion Date at the principal place of business of the Corporation a certificate or certificates for such holder's Preferred Shares. Promptly (but in any event within 10 days) after the Conversion Date, the Preferred holder shall present and surrender the certificate or certificates for such holder's Preferred Shares to the Corporation at the place designated in such notice, and thereupon the Corporation shall deliver to such holder, or to such holder's nominee or nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as provided herein. Shares of Preferred shall be deemed to have been converted and canceled on the Conversion Date and the person or persons entitled to receive the shares of Common Stock issuable upon such mandatory conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

4.8 Reorganization; Merger, Share Exchange or Consolidation; Sale of Assets. In case the Corporation shall effect a reorganization, a Merger, Share Exchange or Consolidation, or a Sale of Assets, and pursuant to the terms of such reorganization, Merger, Share Exchange or Consolidation or Sale of Assets, shares of stock or other securities, property or assets of the Corporation, the successor or transferee or an Affiliate thereof, or cash are to be received by or distributed to the holders of Common Stock, then each holder of Preferred shall be given a written notice from the Corporation informing each such holder of the terms of such reorganization, Merger, Share Exchange or Consolidation or Sale of Assets and of the record date thereof for any distribution pursuant thereto, at least 20 days in advance of such record date, and each holder of Preferred shall have the right to receive the number of shares of stock or other securities, property or assets of the Corporation, successor or transferee or Affiliate thereof or cash receivable upon or as a result of such reorganization, Merger, Share Exchange or Consolidation or Sale of Assets received by or payable to a holder of the number of shares of Common Stock into which such Preferred Shares are convertible at the Conversion Price applicable immediately prior to such event. The provisions of this paragraph 4.8 shall similarly apply to successive reorganizations, Mergers, Share Exchanges or Consolidations or Sales of Assets.

4.9 Tender or Exchange Offer. If a purchase, tender or exchange offer is made to and accepted by the holders of more than 50% of the outstanding shares of Common Stock, the Corporation shall not effect any Merger, Share Exchange or Consolidation with the person having made such offer or with any Affiliate of such person, unless prior to the consummation thereof each holder of shares of Preferred shall have been given a reasonable opportunity then to elect to receive either the stock, securities, cash or assets then issuable with respect to the Common Stock into which such holder's

Preferred Shares are then convertible or the stock, securities, cash or assets issued to previous holders of a like number of shares of Common Stock in accordance with such offer, or the equivalent thereof.

4.10 Status of Converted Stock. In the event any shares of Preferred shall be converted, the shares so converted shall be canceled and shall not be reissued by the Corporation, and the Articles of Incorporation of the Corporation shall be appropriately amended to effect the corresponding reduction in the Corporation's authorized capital stock.

4.11 Reservation of Shares. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock or its treasury shares, solely for the purpose of issuance or delivery upon conversion as provided herein, such number of shares of Common Stock as are then issuable upon the conversion of all outstanding Preferred Shares which are convertible into Common Stock.

4.12 No Charge. The issuance of certificates for Converted Shares and for shares converted pursuant to mandatory conversion as provided in paragraphs 4.8 and 4.9 above, shall be made without charge to the holders of such shares for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares, provided, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the Converted Shares.

4.13 No Impairment. The Corporation shall not, by amendment of its Articles of Incorporation or through any reorganization, Sale of Assets, Merger, statutory share exchange or Consolidation, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but shall at all times in good faith assist in the carrying out of all the provisions hereof and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of Preferred against impairment.

5. Redemption.

5.1 Mandatory Redemption of the Preferred.

(a) On each of October 31, 2002, October 31, 2003 and October 31, 2004 (each a "Redemption Date"), each holder of Preferred may cause the Corporation to

redeem up to 33¹/₃% of the Preferred held by such holder by giving the Corporation 120 days' notice of such request, accompanied by the certificate or certificates representing such shares of Preferred. The Corporation shall give notice to all holders of record of 5% or more of the Preferred of the holder's election to have shares redeemed pursuant to this Section 5. Upon any request for redemption, the Corporation at its expense out of funds legally available therefor, will redeem such shares of Preferred and forthwith issue and deliver to or upon the order of the holder thereof a new certificate for the number of shares which were not surrendered, such new certificate to be dated the Redemption Date so that there will be no loss of accrued dividends on the unredeemed portion of such shares. Any holder of Preferred who does not cause the Corporation to redeem any Preferred on a Redemption Date shall forfeit his right to require the Corporation to redeem that percentage of his Preferred.

(b) Within 90 days of the holders of the Preferred obtaining actual knowledge of the occurrence of an Event of Default (as hereinafter defined), the holders may demand the redemption of some or all of the Preferred by submission of written notice of redemption to the Corporation. Following the receipt of such notice, the Corporation shall (unless otherwise prevented by law) redeem the shares of Preferred then owned by such holders and submitted for redemption. The redemption price so determined shall be paid in full as soon as reasonably practicable following submission by the holder of written notice of election to redeem; provided however, the Corporation shall use its best efforts to ensure such redemption occurs within 120 days of the date of such notice with payment to be made upon delivery of the certificate for the shares of Preferred to be so redeemed.

(c) An Event of Default for purposes of paragraph 5.1(b) shall mean (i) the occurrence of any material misrepresentation or default or breach of warranty or covenant by the Corporation under the Preferred Stock Purchase Agreement dated February 2, 1996, the Series B Convertible Preferred Stock Purchase Agreement dated October 24, 1996 or the Series C Convertible Preferred Stock Purchase Agreement dated October 31, 1997, between the Corporation and the other parties named therein, if such material misrepresentation, default or breach is not cured within thirty (30) days of the receipt by the Corporation of written notice thereof; (ii) (A) the filing of any petition, whether voluntary or involuntary, seeking the reorganization or liquidation of the Corporation under any provision of the Federal

Bankruptcy Code or any other federal or state reorganization, insolvency or debtor relief law, (B) the appointment of any receiver, liquidator or trustee for the Corporation or any of its properties by a court order and which appointment is not vacated within 30 days, or (C) the Corporation is adjudicated insolvent, or the Corporation shall make an assignment for the benefit of any of its creditors, admit in writing an inability to pay debts when they become due in the ordinary course of its business, or consent to the appointment of a receiver, trustee or liquidator for the Corporation or all or any part of the property of the Corporation; (iii) the death of Gene E. Lane, Jr. ("Mr. Lane"); or (iv) the voluntary or involuntary termination of Mr. Lane's employment with the Corporation.

5.2 Price. The redemption price of the Preferred shall be the greater of (i) fair market value per share of Preferred redeemed, or (ii) the Original Purchase Price per share of Preferred redeemed, plus all accrued and unpaid dividends, including the dividend set forth in paragraph 2.2 (the "Redemption Price"). For purposes of this paragraph 5.2 the term "fair market value" shall mean the fair market value per share of Preferred Stock (excluding the proceeds from any life insurance policies payable to the Corporation upon the death of Mr. Lane) as determined by a nationally recognized investment banking firm mutually acceptable to the majority in interest of the Preferred and the Corporation.

5.3 Limitation. In the event the Corporation lacks sufficient funds to redeem lawfully all of the shares of Preferred which the Corporation is, at any such time, obligated to redeem in accordance with this Section 5, then holders of shares of each series of Preferred shall share ratably in any funds legally available for redemption of such shares according to the respective amounts which would be payable with respect to the number of shares owned by them if all such shares were redeemed in full.

6. Notices. In the event the Corporation shall propose at any time:

(i) to declare any dividend or distribution upon the Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(ii) to offer for subscription pro rata to the holders of any class or series of its capital stock any additional shares of stock of any class or series or other rights;

(iii) to effect any reclassification or recapitalization of the outstanding Common Stock involving a change in the Common Stock;

(iv) to effect a reorganization, Merger, Share Exchange or Consolidation, or a Sale of Assets; or

(v) to commence a Public Offering of Common Stock;

then, in connection with each such event, the Corporation shall send to the holders of Preferred Shares:

(a) at least 20 days' prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Common Stock shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in clauses (iii) and (iv) above, or the date upon which the Corporation shall file a registration statement in connection with such Public Offering; and

(b) In the case of the matters referred in clauses (iii), (iv) and (v) above, at least 20 days' prior written notice of the date when the same shall take place (and, with respect to clauses (iii) and (iv) specifying the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event).

Each such written notice shall be given by first class mail, postage prepaid, addressed to the holders of Preferred at the address for each such holder as shown on the books of the Corporation.

7. Treasury Shares. Any reference to the outstanding shares of Common Stock of the corporation shall not include any shares held by the Corporation, whether in its treasury or otherwise.

Common Stock

1. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed as provided in Section 3 of this Article Three under the heading "Preferred Stock."

3. Redemption. The Common Stock is not redeemable.

4. Voting Rights. The holder of each share of Common Stock shall have the right to one vote, and shall be entitled to notice of any shareholders' meeting in accordance with the Bylaws of the corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law.

ARTICLE FOUR

Registered Agent and Office

The Registered Agent of the corporation is Gene E. Lane, Jr. and the registered office is CRG International, Inc., 2000 Riveredge Parkway, Suite 900, Atlanta, Georgia 30328.

ARTICLE FIVE

Principal Office

The mailing address of the principal office of the corporation is CRG International, Inc., 2000 Riveredge Parkway, Suite 900, Atlanta, Georgia 30328.

ARTICLE SIX

Limitation of Director Liability

1. A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of duty of care or other duty as a director, except for liability (i) for any appropriation, in violation of his duties, of any business opportunity of the corporation, (ii) for acts or omissions which involve intentional misconduct or a knowing violation of law, (iii) of the types set forth in Section 14-2-832 of the Georgia Business Corporation Code, or (iv) for any transaction from which the director derived an improper personal benefit.

2. Any repeal or modification of the provisions of this Article Six by the shareholders of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal

liability of a director of the corporation with respect to any act or omission occurring prior to the effective date of such repeal or modification.

3. If the Georgia Business Corporation Code is hereafter amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Georgia Business Corporation Code.

4. In the event that any of the provisions of this Article Six (including any provision within a single sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions are severable and shall remain enforceable to the fullest extent permitted by law.

ARTICLE SEVEN

Shareholder Action by Less Than Unanimous Written Consent

Any action that is required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if the action is taken by persons who would be entitled to vote at a meeting shares having voting power to cast not less than the minimum number (or numbers, in the case of voting by groups) of votes that would be necessary to authorize or take such action at a meeting at which all shareholders entitled to vote were present and voted. The action must be evidenced by one or more written consents describing the action taken, signed by shareholders entitled to take action without a meeting and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

These Amended and Restated Articles of Incorporation contain amendments requiring shareholder approval, and were duly adopted in accordance with the applicable provisions of Section 14-2-1003 of the Georgia Business Corporation Code by the directors and shareholders of the corporation effective as of October 31, 1997.

These Second Amended and Restated Articles of Incorporation supersede the original Articles of Incorporation as heretofore amended.

IN WITNESS WHEREOF, the undersigned executes these Amended and Restated Articles of
Incorporation this 31 day of October, 1997.

CRG INTERNATIONAL, INC.

By: 

Gene E. Lane, Jr.
President

BSR (1)

Oct 31 12 58 PM '97

SECRETARY OF STATE

Exhibit C

List of Local Certified States

The Applicant is currently certified to provide local exchange services in the following states:

Alabama, Georgia, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, District of Columbia, Maryland, Massachusetts, Pennsylvania, Rhode Island, Virginia, West Virginia.

Exhibit D

Toll Dialing Parity Plan

**CRG INTERNATIONAL, INC.
D/B/A NETWORK ONE
INTRALATA TOLL DIALING PARITY PLAN**

INTRODUCTION

CRG International, Inc. d/b/a Network One ("Network One") will initiate the process that will give end-user customers the opportunity to designate a carrier for their intraLATA toll call traffic in those market areas where Network One is a facilities-based local exchange service provider. IntraLATA toll calls will automatically be directed to the designated carrier without the customer having to dial an access code.

POLICIES

Network One will deploy two-PIC (Primary Interexchange Carrier) technology in its switches (or switch partitions). This technology will enable the customer to presubscribe to the same or a different carrier for their intraLATA and/or interLATA service.

Appropriate tariffs will be revised and filed in accordance with this plan.

Network One will offer customers the ability to access all participating carriers by dialing the appropriate access code (10XXX/101XXXX).

All eligible Network One end user telephone line numbers will be presubscribed and must have a PIC associated with them.

CARRIER INFORMATION

Interexchange carriers will have the option of offering intraLATA service only or intraLATA and interLATA service.

Interexchange carriers will have the option of participating in all market areas or in a specific market area.

Interexchange carriers will be required to return a completed Non-Disclosure Agreement and Participation Agreement(s).

Network One will not participate in billing disputes for intraLATA service between alternative competing interexchange carriers and their customers.

Network One representatives will not initiate or accept three-way calls from alternative interexchange carriers to discuss presubscription.

Carriers wishing to participate will be requested to submit Access Service Requests/Translation Questionnaires to the Access Tandem owner and to Network One.

CALL ELIGIBILITY/TOLL DIALING PLAN

A local service customer of Network One will have calls routed according to the following plan:

If a Network One Customer Dials:

911
411/555-1212
0-
0+ intraexchange number
1 + 7 or 10 digits
0 + 7 or 10 digits interexchange number
10XXX or 101XXXX + 0
10XXX or 101XXXX + 0 + 7 or 10 digits
10XXX or 101XXXX + 7 or 10 digits

The Call is Handled By/Routed To:

PSAP on originating line number
Network One Directory Assistance Operator
Network One Operator
IntraLATA Toll Provider
IntraLATA Toll Provider
InterLATA Toll Provider
XXX/XXXX Carrier
XXX/XXXX Carrier

If a Network One customer originates a call to a carrier Operator by dialing 00-, the call will be routed to the PIC on that customer's line. If the customer originates a call to a carrier Operator by dialing an access code (e.g., 10XXX/101XXXX+0-), the call will be routed to the XXX/XXXX carrier. In both cases, the carrier's switch is responsible for routing this call to the carrier's Operator or to an announcement.

NETWORK INFORMATION

All originating intraLATA traffic will initially be routed via the incumbent Local Exchange Carrier (LEC) Access Tandem(s). Following conversion, direct trunks between the Network One switch and (or partition) and the interexchange carrier location(s) may be provisioned where traffic volumes warrant.

Interexchange carriers must have Feature Group D trunks in place (or ordered) between their point of presence and the incumbent LEC Access Tandem(s).

Network One will route all originating intraLATA traffic to the designated carrier and will only block traffic at the request of the end user customer and/or in compliance with regulatory requirements. Requests from carrier to block traffic or to remove customer from their network will not be honored. Calls that cannot be completed to a carrier will be routed to an announcement.

CUSTOMER CONTACT INFORMATION

Network One customer contact representatives will process customer initiated PIC selections to Network One or to an alternative intraLATA carrier. Carriers will have the option of allowing the Network One representative to process PIC requests on their behalf.

Network One will not ballot or allocate their customer base. At the time of conversion, all customers will be "PIC'd" to Network One or its designee unless another carrier is chosen by the particular customer.

Network One customer contact representatives will not comment on a customer's choice of its intraLATA PIC when the customer contacts Network One to change the PIC. Network One customer contact representatives will respond to customer inquiries about intraLATA carriers in a competitively neutral fashion. If a customer requests information relating to carriers other than Network One, a list of participating carriers will be read to that customer in random order by Network One representatives.

If the intraLATA toll carrier selected by the customer permits Network One to process orders on its behalf, Network One will accept the PIC change request. If the customer selects an intraLATA toll carrier that does not allow Network One to process PIC changes on its behalf, Network One will provide the customer with the carrier's toll-free number (if provided by the carrier).

Network One representatives will not discuss alternative carrier rates or services and will not provide customers with Carrier Identification Codes or access code dialing instructions.

PRESUBSCRIPTION INFORMATION

A \$5.00 change charge will be incurred and billed to a Network One customer for each eligible line where a PIC change is made. Network One will offer its customers a 12-month grace period following Plan implementation during which the customers may change intraLATA carriers without a PIC change charge. Customers can make one PIC change during these 12 months at no charge. After the 12-month period, Network One will assess the \$5.00 PIC change charge. Network One offers interexchange carriers the option of having the PIC charge billed to the carrier or to the customer.

New line customers, including customers adding lines, will have the opportunity to select a participating carrier, or they will be assigned a NO PIC designation. If a customer cannot decide upon an intraLATA carrier at the time of order, Network One will offer the customer a 12-month grace period following placement of the customer's service order for the customer to select an intraLATA carrier without charge. Such a customer will be assigned a NO PIC designation in the interim. After this 12-month period, Network One will assess the \$5.00 PIC change charge as described above. Customers assigned a NO PIC designation as set forth in this paragraph will be required to dial an access code to reach an intraLATA carrier's network.

If a Network One customer denies requesting a change in intraLATA toll providers as submitted by an intraLATA carrier, and the intraLATA carrier is unable to produce a Letter of Agency signed by the customer, the intraLATA carrier will be assessed a \$30.00 charge for the unauthorized PIC change and the PIC will be changed as per the customer's request, in addition to any other penalties authorized by law.

Alternative interexchange carriers may submit PIC changes to Network One via a fax/paper interface.

Network One will process intraLATA PIC selections in the same manner and under the same intervals of time as interLATA PIC changes.

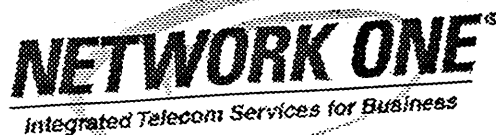
Carriers will be required to submit PIC changes using the Customer Account Record Exchange (CARE) format via paper medium. Network One will provide carriers with PIC order confirmation and reject information using the CARE format. Specific details regarding CARE will be provided to participating carriers.

For customer who change their local service provider from the incumbent LEC to Network One and retain their incumbent LEC telephone number(s), Network One, as part of the CARE PIC process, will provide the selected intraLATA carrier with both the retained (incumbent LEC) telephone number and the Network One telephone number.

Dated:

Exhibit E

Managerial and Technical Profiles



CORPORATE MANAGEMENT PROFILES

Gene E. "Skip" Lane, Jr., President, Chief Executive Officer, and Chairman

Founded the company in June 1992. He has served as President, CEO, Chairman of the Board, and Director since that time. Mr. Lane is responsible for overseeing all operations of the Company. These activities include direct control of vendor relationships, pricing, marketing, and employee compensation.

He has fifteen years experience in the long distance industry, most of which was spent with Cable & Wireless U.S., a wholly owned subsidiary of Cable & Wireless, Ltd., a multi-billion dollar British telecommunications company with extensive telecommunications interests in North America. Mr. Lane possesses a very strong marketing background, serving as Director of Business Development for Cable & Wireless U.S.; he was responsible for all alternate sales distribution channels within North America and Canada. These channels included sales agencies, value-added resellers, association trade groups as well as major facility based carriers. Prior to his Cable & Wireless experience, he was founder, President, and Chairman of Southeastern Telecom Systems, a Virginia-based long distance telecommunications resale company. The company was later sold to a division of ITT Corporation.

Mr. Lane has a Bachelor's degree in Marketing from Radford University and he has been a frequent speaker at industry seminars such as the Telecommunication Resellers Association (TRA) and Competitive Telecommunications Association (Comptel) conferences.

Frank J. Pazera, CPA, MBA, Chief Operating Officer and Chief Financial Officer

Was hired as Controller in April 1997 and brings a strong accounting and telecommunications background to the team. He served four years with Arthur Anderson, LLP in Milwaukee where he planned, supervised and completed numerous audit, review and special assignments in a variety of industries. He is a graduate of Emory University, Goizueta School of Business (MBA) and the University of Wisconsin (BA, Accounting). Mr. Pazera has over three years experience with telecommunications companies. Of his time with telecommunications companies, two years were with MCI where he handled the management of billing, credit and collections for resellers of MCI network services and one year as Chief Financial Officer with Telemedia Network, Inc., an MCI reseller.

Thomas W. Brinkman, Senior Vice-President of Operations

Joined Network One in August of 1997, bringing a strong background in the Telecommunications industry to Network One. Mr. Brinkman began his telephone career in 1964 as a Network Switching Engineer with GTE of Ohio. During his 21-year tenure with GTE, Tom held various positions in both the Telephone Operating units and GTE Corporate. Those positions included Customer Service Director in GTE of Upstate New York, Product Development Director, Network Switching Director, Programs and Budgets Director, and Assistant Vice-President Quality and Productivity in GTE Corporate. He served as Vice President Area General Manager of GTE South from 1983 to 1986. From 1987 to 1993, Tom was co-founder and President of Comnet, an AT&T SDN Master Agent, and also served as a Vice President with Carolina Voice Mail. In 1993, Tom joined Overlook Communications International, a pre-paid calling card and enhanced services provider, as Vice President Operations. In 1995, OCI merged with C-COM, an international Internet provider.

In addition to the planning and operational responsibilities in these companies, Tom had total responsibilities for all PSC and FCC Regulatory filings. Tom has presented papers on the "Impact of Technology on Society", "Managing Central Offices and Business Systems Remotely", and "The Technological Revolution" to such prestigious groups as the New York Securities Analyst, the CCITT International Symposium on Business Systems, and the National Leadership Committee of CWA (Communications Workers of America) Union. Additionally, he was instrumental in directing the development of a Quality Assurance program in GTE that was nominated as a finalist in the Malcolm Baldrige Award. Tom holds BS degrees in both Mathematics and Business Administration from Bowling Green State University, Bowling Green, Ohio.

Exhibit F

Audited Financial Statements

TENTATIVE DRAFT
FOR MANAGEMENT USE ONLY

CRG INTERNATIONAL, INC.
dba Network One

Financial Statements

September 30, 1999 and 1998

(With Independent Auditors' Report Thereon)

TENTATIVE DRAFT
FOR MANAGEMENT USE ONLY

CRG INTERNATIONAL, INC.
dba Network One

Financial Statements

September 30, 1999 and 1998

(With Independent Auditors' Report Thereon)

INDEPENDENT AUDITORS' REPORT

DRAFT

The Board of Directors
CRG International, Inc. dba Network One

We have audited the accompanying balance sheets of CRG International, Inc. dba Network One as of September 30, 1999 and 1998, and the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CRG International, Inc. dba Network One as of September 30, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

December 10, 1999

CRG INTERNATIONAL, INC.
dba: Network One

Balance Sheets

September 30, 1999 and 1998

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Assets (Note 5)	1999	1998
Current assets:		
Cash and cash equivalents	\$ 69,038	66,605
Accounts receivable, net of allowance for doubtful accounts and billing adjustments of \$307,381 and \$167,375 at September 30, 1999 and 1998, respectively	3,483,681	3,003,483
Prepaid expenses and other current assets	82,903	59,461
Total current assets	<u>3,635,622</u>	<u>3,129,549</u>
Property and equipment, net (notes 3 and 6)	1,593,753	1,392,565
Intangible assets, net of accumulated amortization of \$4,772,593 and \$2,581,146 at September 30, 1999 and 1998, respectively (note 4)	5,637,507	8,328,954
Other assets and receivables, net of allowance for doubtful accounts of \$109,251 at September 30, 1999	69,776	71,225

\$	<u>10,736,658</u>	<u>12,922,293</u>
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See accompanying notes to financial statements.

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Liabilities and Stockholders' Equity (Deficit)	1999	1998
Current liabilities:		
Current portion of long-term debt (notes 5 and 9)	\$ 296,081	196,144
Current portion of capital lease obligations (note 6)	136,281	117,834
Accounts payable and accrued expenses	3,975,957	3,673,900
Accrued payroll and employee benefits	251,906	182,015
Sales and excise taxes payable	877,844	361,030
Customer deposits	18,462	—
Total current liabilities	5,556,531	4,530,923
Long-term debt, less current portion (notes 5 and 9)	7,571,873	7,293,639
Capital lease obligations, less current portion (note 6)	263,466	315,314
Dividends payable on convertible preferred stock	960,000	600,000
Total liabilities	14,351,870	12,739,876
Stockholders' equity (deficit) - (note 8):		
Convertible preferred stock. Authorized 865,119 shares; stated at redemption value net of unaccreted discount, which equals liquidation value:		
Series A, \$.001 par value; redeemable. 357,543 shares issued and outstanding	1,849,796	1,815,134
Series B, \$.001 par value; redeemable. 166,667 shares issued and outstanding	955,747	947,041
Series C, \$.001 par value; redeemable. 340,909 shares issued and outstanding	2,957,783	2,949,478
Common stock, \$.001 par value. Authorized 9,134,881 shares; 606,103 and 600,103 shares issued and outstanding at September 30, 1999 and 1998, respectively	606 (9,379,144)	600 (5,529,836)
Accumulated deficit	(3,615,212)	182,417
Total stockholders' equity (deficit)		
Commitments and contingencies (notes 5, 6, 8, and 10)		
	\$ 10,736,658	12,922,293

CRG INTERNATIONAL, INC.
dba Network One

Statements of Operations

Years ended September 30, 1999 and 1998

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	1999	1998
Revenues (note 12)	\$ 23,333,741	22,185,786
Cost of revenues	15,611,999	15,417,219
Gross margin	7,721,742	6,768,567
Operating expenses:		
Customer service and sales and marketing	3,282,065	2,464,624
General and administrative	4,322,574	3,910,485
Depreciation and amortization	2,657,427	2,320,854
Total operating expenses	10,262,066	8,695,963
Operating loss	(2,540,324)	(1,927,396)
Interest expense, net	(854,786)	(894,801)
Loss on disposal of property and equipment	(47,272)	—
Loss before income taxes and extraordinary item	(3,442,382)	(2,822,197)
Income tax expense (note 7)	—	—
Loss before extraordinary item	(3,442,382)	(2,822,197)
Extraordinary item:		
Loss on early extinguishment of debt (note 5)	—	(184,661)
Net loss	\$ (3,442,382)	(3,006,858)

See accompanying notes to financial statements.

CHC INTERNATIONAL, INC.
All in U.S. Dollars

Statements of Stockholders' Equity (Deficit)
Years ended September 30, 1979 and 1978

	Series A		Series B		Series C		Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
Balance at September 30, 1977	357,343	\$ 1,370,471	164,667	\$ 918,326	—	—	593,833	\$ —	(2,314,347)	\$ 168,414
Issuance of common shares at payment for services	—	—	—	—	—	—	—	—	—	—
Issuance of warrants to purchase common shares	—	—	—	—	—	—	2,110	—	—	—
Repurchase of warrants to purchase common shares	—	—	—	—	—	—	—	—	—	—
Issuance of Series C Convertible Preferred Stock, less transaction costs	—	—	—	—	310,000	2,941,963	—	—	—	19,598
(Previously reported on Series A, B, and C Convertible Preferred Stock)	—	—	—	—	—	—	—	—	—	(44,266)
Assumption of original issue discount on Series A, B, and C Convertible Preferred Stock	—	—	—	—	—	—	—	—	—	(340,261)
Exercise of options	357,343	1,370,471	164,667	918,326	—	—	—	—	—	—
Exercise of options (Previously reported on Series A, B, and C Convertible Preferred Stock)	—	—	—	—	—	—	600	—	—	—
Assumption of original issue discount on Series A, B, and C Convertible Preferred Stock	—	—	—	—	—	—	—	—	—	—
Balance at September 30, 1978	357,343	\$ 1,370,471	164,667	\$ 918,326	310,000	\$ 2,941,963	600	\$ —	(2,314,347)	\$ 168,414
Exercise of options	—	—	—	—	—	—	—	—	—	—
Exercise of options (Previously reported on Series A, B, and C Convertible Preferred Stock)	—	—	—	—	—	—	6,020	—	—	—
Assumption of original issue discount on Series A, B, and C Convertible Preferred Stock	—	—	—	—	—	—	—	—	—	—
Balance at September 30, 1979	357,343	\$ 1,370,471	164,667	\$ 918,326	310,000	\$ 2,941,963	600	\$ —	(2,314,347)	\$ 168,414

See accompanying notes to financial statements.

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CRG INTERNATIONAL, INC.
dba Network One

Statements of Cash Flows

Years ended September 30, 1999 and 1998

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	1999	1998
Cash flows from operating activities:		
Net loss	\$ (3,442,382)✓	(3,006,858)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,657,427✓	2,338,275
Extraordinary item - loss on early extinguishment of debt	—	184,661
Stock compensation expense	4,753	19,998
Loss on disposal of property and equipment	47,272	—
Provision for doubtful accounts and billing adjustments	140,006	52,725
Changes in assets and liabilities:		
Accounts receivable	(510,953)	553,216
Prepaid expenses, other assets, and receivables	(131,244)	137,282
Accounts payable and accrued expenses	302,057	626,335
Accrued payroll and employee benefits	69,891	119,540
Sales and excise taxes payable	516,814	130,848
Customer deposits	18,462	—
Net cash flows (used in) provided by operating activities	(327,897)	1,186,022
Cash flows from investing activities:		
Purchase of property and equipment	(421,905)✓	(413,969)
Purchase of businesses	—	(8,825,069)
Net cash flows used in investing activities	(421,905)	(9,239,038)
Cash flows from financing activities:		
Net borrowings under revolving credit agreement	28,252,611✓	6,744,152
Repayments on long-term debt	(27,874,440)✓	(991,940)
Repayments on capital lease obligations	(125,936)✓	(64,205)
Payment of financing costs	—	(188,737)
Repurchase of warrants to purchase common shares	—	(340,268)
Proceeds from sale of Series C Convertible Preferred Stock, net of \$58,135 in costs	—	2,941,865
Proceeds from sale of noncompete agreement	500,000✓	—
Net cash flows provided by financing activities	752,235✓	8,100,867
Net increase in cash and cash equivalents	2,433	47,851✓
Cash and cash equivalents at beginning of year	66,605	18,754
Cash and cash equivalents at end of year	\$ 69,038	66,605

Supplemental cash flow information - see note 11.

See accompanying notes to financial statements.

CRG INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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(1) Summary of Significant Accounting Policies

(a) *General*

CRG International, Inc. dba Network One (the "Company") provides long distance telecommunications services to small and medium-size businesses throughout the entire United States, with a primary geographic focus east of the Mississippi River. The Company provides these services through direct sales, independent agents, and wholesale distribution channels.

Calls are transmitted over circuits leased from other telecommunications carriers at fixed or variable rates. These calls are also switched through other carriers on the Company's behalf. The Company furnishes its end user customers with various long distance services including 1-800 dialing, WATS, private line, calling cards, toll free dialing, conference calling, operator services, and customized data solutions.

(b) *Revenues and Cost of Revenues*

The Company recognizes revenues as services are provided. Cost of revenues includes all payments to local exchange carriers and interexchange carriers primarily for access and transport charges.

(c) *Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Company considers all short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

(d) *Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 15 years
Vehicles	3 years
Office furniture and equipment	5 years
Telecommunications equipment	5 years
Computers and software	3 years

Property and equipment held under capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life of the asset, and the amortization is included in depreciation expense.

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(c) *Intangible Assets*

Intangible assets include financing costs, noncomplete agreements, and amounts allocated to customer bases associated with acquisitions. Noncomplete agreements and customer bases are being amortized using the straight-line method over periods ranging from four to five years. Financing costs are being amortized using the straight-line method over the term of the related debt.

The Company periodically evaluates the carrying value of intangible assets for impairment on the basis of whether these costs are fully recoverable from expected undiscounted operating cash flows related to the assets. If such review indicates that the assets are impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

(f) *Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(g) *Use of Estimates in the Preparation of Financial Statements*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(h) *Stock Option Plan*

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations, in accounting for its fixed plan stock options. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price.

CRG INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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(i) *Reclassifications*

Certain amounts in the accompanying 1998 financial statements have been reclassified to conform to the presentation adopted in the 1999 financial statements.

(2) *Acquisitions*

Effective October 25, 1996, the Company executed an Asset Purchase Agreement to purchase the accounts receivable and customer base of RAM Technologies, Inc. (RAM) for approximately \$2,900,000 in cash, which was financed primarily through the sale of \$1,000,000 in Series B CPS and the execution of a \$1,000,000 note payable, including certain warrants. The transaction was accounted for using the purchase method of accounting and the operations of RAM have been included in the Company's results of operations since the effective date. The allocation of the purchase price resulted in a \$2,500,000 intangible asset related to an acquired customer base, which is being amortized on a straight-line basis over five years. On June 1, 1999, the Company agreed to terminate the noncompete agreement with the officers of RAM for \$500,000. Proceeds were used to reduce the remaining intangible asset related to the acquisition.

Effective October 31, 1997, the Company executed an Asset Purchase Agreement with Professional Communications Management Services, Inc. ("ProCom") to purchase substantially all of the telecommunications assets and assume selected liabilities of ProCom for approximately \$8,800,000 in cash, financed through the sale of \$3,000,000 in Series C CPS and draws on the \$10 million credit facility described in note 5. The transaction was accounted for using the purchase method of accounting and the operations of ProCom have been included in the Company's results of operations since the effective date. The allocation of the purchase price resulted in a \$7,500,000 intangible asset related to an acquired customer base, which is being amortized on a straight-line basis over five years.

The ProCom Asset Purchase Agreement also provided for a four-year noncompete agreement with the former owner of ProCom. The \$750,000 consideration for the noncompete is being paid in 48 monthly installments of \$15,625 through October 31, 2001. The present value of the payment obligations at October 31, 1997 was calculated to be \$610,271 using a 10.5% discount rate. This amount was recorded as an intangible asset and is being amortized on a straight-line basis over the four-year term of the noncompete agreement. The corresponding liability was recorded as a noncompete obligation, of which \$349,486 remains outstanding on the accompanying balance sheet as of September 30, 1999.

CRG INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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(3) Property and Equipment

Property and equipment consists of the following as of September 30, 1999 and 1998:

	1999	1998
Land	\$ 10,209	10,000
Buildings and improvements	430,924	419,085
Vehicles	—	125,000
Office furniture and equipment	352,077	287,240
Telecommunications equipment	534,414	498,670
Computers and software	801,171	389,112
	<u>2,128,795</u>	<u>1,729,107</u>
Less accumulated depreciation and amortization	<u>(735,042)</u>	<u>(336,542)</u>
Property and equipment, net	<u>\$ 1,393,753</u>	<u>1,392,565</u>

(4) Intangible Assets

Intangible assets consist of the following as of September 30, 1999 and 1998:

	1999	1998
Customer bases acquired	\$ 9,466,826	9,966,826
Noncompete agreements	610,271	610,271
Financing costs	333,003	333,003
	<u>10,410,100</u>	<u>10,910,100</u>
Less accumulated amortization	<u>4,772,593</u>	<u>2,581,146</u>
	<u>\$ 5,637,507</u>	<u>8,328,954</u>

(5) Long-Term Debt

On October 31, 1997, the Company entered into a revolving credit agreement (the "Agreement") with a lending institution that provides the Company with credit availability equal to the lesser of (1) \$10,000,000 or (2) the Borrowing Base, as defined, through the maturity date of October 31, 2000. Additional borrowing capacity of \$1,237,740 was available under the Agreement as of September 30, 1999. Borrowings bear interest at either Prime or LIBOR, plus an incremental margin based on the Company's eligible revenues, as defined in the Agreement. The applicable interest rate on borrowings was 12% as of September 30, 1999. The Company must pay a monthly facility fee of 1/2 of 1 percent on the unused portion of the commitment, a \$1,000 monthly loan administration fee, and a one-time development fee in a minimum amount of \$300,000 upon the earlier of October 31, 2000 or the termination of the Agreement. Borrowings under the Agreement are collateralized by substantially all of the Company's assets.

CRG INTERNATIONAL, INC.
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Notes to Financial Statements

September 30, 1999 and 1998

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The terms of the Agreement also require, among other things, that the Company maintain certain minimum financial ratios and restrict the Company's ability to make certain acquisitions, incur additional indebtedness, change the capital structure, and sell assets in excess of certain specified levels without the prior consent of the lender. As of September 30, 1999, the Company was in compliance with or had received a waiver of noncompliance for all covenants in the Agreement.

The Company was party to a receivables finance agreement with a lending institution whereby it could borrow specified percentages of certain billed and unbilled accounts receivable, up to a maximum of \$1,000,000, at an interest rate of prime + 3%. There were no outstanding borrowings under the receivables finance agreement as of September 30, 1997, and it was canceled on October 31, 1997.

On October 31, 1997, the Company repurchased the \$1 million 12% subordinated note payable for \$859,733. The note had a carrying value of \$675,072, net of unamortized discount at the date of repurchase, resulting in an extraordinary loss on early extinguishment of debt of \$184,661.

Long-term debt outstanding as of September 30, 1999 and 1998 is summarized as follows:

	1999	1998
12% notes payable to related party with interest payable quarterly, principal due in installments of \$100,000 on December 15, 2000 and \$100,000 on April 21, 2000.	\$ 200,000	200,000
12% note payable to related party, payable in 48 monthly installments of \$1,750, including interest, with remaining unpaid principal and interest due September 30, 2000	37,504	55,578
Borrowings under the \$10 million credit facility discussed above	7,280,665	6,744,152
Noncompete obligation payable in connection with an acquisition, payable in 48 monthly installments of \$15,625 through October 31, 2001; recorded at the present value of the payment obligations as of October 31, 1997 using a 10.5% discount rate; net of unamortized interest of \$41,138 as of September 30, 1999	349,487	492,053
Total long-term debt	7,867,954	7,489,783
Less current portion of long-term debt	296,081	196,144
Long-term debt, less current portion	\$ 7,571,873	7,293,639

Future maturities of long-term debt at September 30, 1999 are summarized as follows:

<u>Year ending</u> <u>September 30,</u>	
2000	\$ 296,081
2001	7,556,384
2002	15,489
Total long-term debt payments	\$ 7,867,954

(Continued)

CRG INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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(6) Leases

The Company is obligated under operating and capital leases for certain property and equipment. As of September 30, 1999 and 1998, the gross amount of property and equipment and related accumulated amortization recorded under capital leases is summarized as follows:

	<u>1999</u>	<u>1998</u>
Property and equipment	\$ 744,409	\$ 562,340
Less accumulated amortization	<u>266,623</u>	<u>105,241</u>
	\$ <u>477,786</u>	\$ <u>457,099</u>

The Company also leases office space and equipment under noncancelable operating leases which expire over the next five years. Total rental expense under all operating lease agreements was approximately \$237,000 and \$185,000 for the years ended September 30, 1999 and 1998, respectively. Additionally, the Company has subleased certain office space through June 2000. Sublease income during the year ended September 30, 1999 was approximately \$75,000.

Future minimum lease payments and sublease income under noncancelable operating and capital leases with remaining terms in excess of one year as of September 30, 1999 are as follows:

<u>Year ending September 30,</u>	<u>Capital leases</u>	<u>Operating leases</u>	<u>Sublease income</u>
2000	\$ 171,360	\$ 335,000	\$ 53,000
2001	123,202	141,000	—
2002	149,847	103,000	—
2003	19,056	31,000	—
2004	<u>4,764</u>	<u>21,000</u>	<u>—</u>
Total future minimum lease payments	468,229	<u>631,000</u>	<u>53,000</u>
Less amounts representing interest at rates ranging from 12% to 23.8%	<u>(68,482)</u>		
Present value of future minimum capital lease payments	399,747		
Less current portion of capital lease obligations	<u>(136,281)</u>		
Capital lease obligations, less current portion	\$ <u>263,466</u>		

CRG INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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(7) Income Taxes

The provision for income taxes includes income taxes currently payable, those deferred because of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities that will result in taxable or deductible amounts in the future and for net operating loss carryforwards, and any increase or decrease in the valuation allowance for deferred income tax assets.

The Company has not reported any income tax expense during the years ended September 30, 1999 and 1998 because of operating losses.

The income tax (benefit) expense computed by multiplying the loss before income taxes by the U.S. Federal income tax rate and the reported amount of income tax expense differs primarily due to increases in the valuation allowance for deferred income tax assets.

The income tax effect of temporary differences that give rise to significant portions of the Company's deferred income tax assets and liabilities are presented below.

	September 30,	
	1999	1998
Deferred income tax assets:		
Allowance for doubtful accounts and billing adjustments	\$ 164,000	64,000
Net operating loss carryforwards	1,633,000	1,104,000
Book amortization of intangibles in excess of tax	1,315,000	685,000
Accruals not deducted for income tax purposes	145,000	134,000
Property and equipment, principally due to differences in depreciation	5,000	8,000
Total gross deferred tax assets	3,262,000	1,995,000
Less valuation allowance	(3,262,000)	(1,995,000)
Net deferred income tax assets	\$ —	—

The valuation allowance for deferred income tax assets as of September 30, 1999 and 1998 were \$3,262,000 and \$1,995,000, respectively. The net change in the total valuation allowance for the years ended September 30, 1999 and 1998 was an increase of \$1,267,000 and \$1,103,000, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

CRC INTERNATIONAL INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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At September 30, 1999, the Company has net operating loss carryforwards for Federal income tax purposes of approximately \$4,338,000 which are available to offset future taxable income, if any, through the year 2018.

Approximately \$60,000 of the net operating loss carryforwards that the Company may use to offset taxable income in future years is limited as a result of an ownership change, as defined under Internal Revenue Code Section 382 ("Section 382"). As the amount of the annual limitation is \$306,000, it is anticipated that all of the net operating loss carryforwards will be unrestricted by the year ended September 30, 2000, barring further restrictions imposed on such carryforwards to subsequent ownership changes.

(8) Stockholders' Equity*(a) Amendments to the Articles of Incorporation*

Effective October 31, 1997, the Company's Board of Directors amended and restated the Articles of Incorporation to authorize 340,000 shares and the related terms of the Series C Convertible Preferred Stock. This reduced the authorized number of shares of common stock to 9,134,881, which has been disclosed on the accompanying balance sheets as the authorized number of common shares for all years presented.

(b) Series A Convertible Preferred Stock

On February 2, 1996, the Company entered into a Preferred Stock Purchase Agreement to sell 357,543 shares of redeemable Series A Convertible Preferred Stock ("Series A CPS") at \$5.59 per share, resulting in net proceeds to the Company of \$1,722,700. The Company is recording the accretion of the original issue discount (difference between net proceeds and redemption amount of \$2,000,000) on the Series A CPS using the straight-line method from the original issuance date through the final redemption date of February 2, 2004.

The holders of Series A CPS are entitled to, among other rights as defined in the amended and restated Articles of Incorporation, (1) voting rights equivalent to the voting rights they would hold as if their holdings were converted to common stock; (2) the right to name one member of the Company's Board of Directors; (3) dividends at 6% per annum; (4) liquidation preferences that include a minimum 17.5% return; (5) the option to convert to common stock at any time on a one-for-one basis, subject to certain adjustments; (6) mandatory conversion upon the effective date of a qualified initial public offering; (7) certain anti-dilution provisions; and (8) a mandatory redemption provision whereby the holders of Series A CPS may give 120 days' notice and cause the Company to redeem up to 33-1/3% of their shares on each of February 2, 2002, February 2, 2003, and February 2, 2004, or in the event of default, as defined, at the greater of fair market value, or \$5.59 per share plus all accrued and unpaid dividends.

(Continued)

CRG INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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(c) *Series B Convertible Preferred Stock*

On October 24, 1996, the Company entered into a Preferred Stock Purchase Agreement to sell 166,667 shares of redeemable Series B Convertible Preferred Stock ("Series B CPS") at \$6.00 per share, resulting in net proceeds to the Company of \$930,356. The Company is recording the accretion of the original issue discount (difference between net proceeds and redemption amount of \$1,000,000) on the Series B CPS using the straight-line method from the original issuance date through the final redemption date of October 24, 2004.

The holders of Series B CPS are entitled to, among other rights as defined in the amended and restated Articles of Incorporation: (1) voting rights equivalent to the voting rights they would hold as if their holdings were converted to common stock; (2) the right to name one member of the Company's Board of Directors; (3) dividends at 6% per annum; (4) liquidation preferences that include a minimum 17.5% return; (5) the option to convert to common stock at any time on a one-for-one basis, subject to certain adjustments; (6) mandatory conversion upon the effective date of a qualified initial public offering; (7) certain anti-dilution provisions; and (8) a mandatory redemption provision whereby the holders of Series B CPS may give 120 days' notice and cause the Company to redeem up to 33 1/3% of their shares on each of October 24, 2002, October 24, 2003, and October 24, 2004; or in the event of default, as defined, at the greater of fair market value, or \$6.00 per share plus all accrued and unpaid dividends.

(d) *Series C Convertible Preferred Stock*

On October 31, 1997, the Company entered into a Preferred Stock Purchase Agreement to sell 340,909 shares of Series C Convertible Preferred Stock ("Series C CPS") at \$8.80 per share, resulting in net proceeds to the Company of \$2,941,865. The Company is recording the accretion of the original issue discount (difference between net proceeds and redemption amount of \$3,000,000) on the Series C CPS using the straight-line method from the original issuance date through the final redemption date of October 31, 2004.

The holders of Series C CPS are entitled to, among other rights as defined in the amended and restated Articles of Incorporation: (1) voting rights equivalent to the voting rights they would hold as if their holdings were converted to common stock; (2) the right to name one member of the Company's Board of Directors; (3) preferred dividends at 6% per annum; (4) liquidation preferences that include a minimum 17.5% return; (5) the option to convert to common stock at any time on a one-for-one basis, subject to certain adjustments; (6) mandatory conversion upon the effective date of a qualified initial public offering; (7) certain anti-dilution provisions; and (8) a mandatory redemption provision whereby the holders of Series C CPS may give 120 days' notice and cause the Company to redeem up to 33 1/3% of their shares on each of October 31, 2002, October 31, 2003, and October 31, 2004; or in the event of default, as defined, at the greater of fair market value, or \$8.80 per share plus all accrued and unpaid dividends.

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Notes to Financial Statements

September 30, 1999 and 1998

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The terms of the Series A, Series B, and Series C CPS Purchase Agreements also require, among other things, that the Company deliver certain informational reporting, and restrict the Company's ability to make certain acquisitions, incur additional indebtedness, change the capital structure or articles of incorporation, and sell assets in excess of certain specified levels without the prior consent of the shareholders.

(c) *Stock Option Plan*

Effective March 1, 1996, the Board of Directors adopted the CRG International, Inc. 1996 Stock Incentive Plan (the "Plan"). The authorized number of options under the Plan was increased to 250,000 shares during the year ended September 30, 1998 and again during the year ended September 30, 1999 to 263,250. The Plan remains in effect until March 1, 2006 unless terminated earlier by the Board of Directors.

Options granted under the Plan may be incentive stock options or nonqualified stock options, as determined by the Board of Directors at the time of grant. The exercise price under each option shall be determined by the Board of Directors at the time of grant, providing the price is not less than the fair market value of the stock on the grant date. Option vesting terms are established by the Board of Directors at the time of grant and presently range up to four years. The expiration date of options granted under the Plan is determined at the time of grant and may not exceed ten years from the date of the grant. At September 30, 1999, there were 13,750 options available for grant under the Plan.

Prior to the establishment of the Plan, the Company issued stock options to certain officers and key employees. The options were issued with an exercise price which approximated the fair market value of the stock on the date granted, and expire at the earlier of five years from the date granted or two weeks after employee termination. All of these options have been either exercised or canceled during the year ended September 30, 1999.

Following is a summary of stock option activity for the years ended September 30, 1999 and 1998:

	Shares	Weighted- average exercise price
Options outstanding at September 30, 1997	47,350	\$ 5.11
Granted	195,250	8.58
Canceled	(32,500)	7.98
Options outstanding at September 30, 1998	210,100	7.93
Granted	74,850	8.79
Exercised	(6,000)	.79
Canceled	(29,450)	7.50
Options outstanding at September 30, 1999	249,500	\$ 8.40

(Continued)

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Notes to Financial Statements

September 30, 1999 and 1998

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The following table summarizes information about stock options outstanding at September 30, 1999:

Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted-average remaining contractual life	Number exercisable	Weighted average exercise price
\$ 6.00	35,250	7.78	17,625	6.00
8.80	214,250	8.85	35,600	8.80
\$ 6.00 - 8.80	249,500	8.70	53,225	\$ 7.87

There were 16,288 options exercisable at September 30, 1998 with a weighted-average exercise price of \$3.80.

The per share weighted-average fair value of all stock options granted during the years ended September 30, 1999 and 1998 was \$2.41 and \$2.09, respectively, and was determined on the date of grant using the Black-Scholes pricing model with the following weighted-average assumptions:

	1999	1998
Expected life of options	5 years	5 years
Expected dividend yield	—	—
Risk-free interest rate	6.5%	5.5

The Company applies APB Opinion No. 25 in accounting for its Plan and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123"), the Company's net loss would have been increased to the pro forma amounts indicated below:

	Years ended September 30,	
	1999	1998
Net loss:		
As reported	\$ (3,442,382)	(3,006,858)
Pro forma	(3,555,382)	(3,073,858)

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(f) *Warrants*

During 1996, the Company issued warrants to acquire 20,431 shares of the Company's common stock to a financial advisor as compensation for arranging the Series A CPS financing. The warrants were issued with an exercise price of \$0.92 and expire February 4, 2001. The Company reduced the original value assigned to the Series A CPS by \$103,789, representing the Company's estimate of the fair market value of the warrants at the date of issuance. All warrants remain outstanding and exercisable at September 30, 1999.

As additional consideration for a \$1 million note payable dated October 24, 1996, the Company issued to the lending institution warrants to purchase up to 56,806 shares of the Company's common stock at an exercise price of \$.01 per share. Of the net proceeds of \$950,354 related to the debt and warrants, the Company allocated \$340,268 to the warrants (additional paid-in capital) and \$610,086 to the note payable. The warrants also included a Put Agreement whereby the lending institution could require the Company to purchase the warrants at any time after October 21, 2001 at a purchase price equal to the fair market value of the shares of common stock issuable upon exercise of the warrants. These warrants were repurchased by the Company during the year ended September 30, 1998 for \$340,268.

As additional consideration for the \$10 million credit facility described in note 5, the Company issued to the lending institution warrants to purchase up to 16,408 shares of the Company's common stock at an exercise price of \$.01 per share. The fair market value of the warrants at the date of issuance was calculated by the Company to be \$144,266, which was recorded as additional paid-in capital and as financing costs to be amortized to interest expense over the term of the Agreement. The warrants include a Put Agreement whereby the lending institution can require the Company to buy the warrants at any time after the earlier of October 31, 2000 or the termination of the financing arrangement at a purchase price equal to the fair market value of the shares of common stock issuable upon exercise of the warrants. All of these warrants remain outstanding and exercisable at September 30, 1999.

(9) *Related Party Disclosures*

As described in note 5, the Company has outstanding notes payable totaling \$237,804 and \$253,578 as of September 30, 1999 and 1998, respectively, which are owed to family members of the President of the Company.

CRG INTERNATIONAL, INC.
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Related party transactions during and for the years ended September 30, 1999 and 1998 are as follows:

	1999	1998
Payments on related party notes payable	\$ 15,774	13,989
Interest expense on related party borrowings	29,611	32,399

(10) Commitments and Contingencies

(a) Profit Sharing Plan

The Company sponsors a defined contribution plan covering substantially all of its employees. Employees may make pretax contributions of up to 15% of their base compensation, subject to Internal Revenue Service limitations. The Company, at its discretion, may make matching contributions to the Plan. Company contributions to the Plan during the years ended September 30, 1999 and 1998 were approximately \$13,000 and \$9,000, respectively.

(b) Vendor Relationships

As the Company is in the business of reselling long distance services, it relies on other facilities-based carriers to provide transmission circuits. In order to obtain maximum pricing discounts with these carriers, the Company negotiates contracts which include minimum purchase commitments. As of September 30, 1999, the Company has one significant commitment under agreements with service providers: the agreement requires the Company to purchase a minimum of \$12 million in usage for the three-year period ended June 30, 2000. The Company believes that it is in compliance with all contractual obligations as of September 30, 1999 and, accordingly, no contingent liabilities have been accrued related to these vendor contracts. Should the Company cancel such contracts or fail to meet the minimum purchase commitments, contingent payments equal to the unused portion of the minimum purchase commitments will be owed to these vendors.

(c) Legal Matters

The Company is involved in various claims and litigation arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial position or results of operations of the Company.

(11) Supplemental Cash Flow Information

Cash paid for interest for the years ended September 30, 1999 and 1998 was approximately \$728,000 and \$786,000, respectively.

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dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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Supplemental disclosure of noncash financing and investing activities:

During the years ended September 30, 1999 and 1998, the Company entered into capital lease obligations totaling \$92,535 and \$342,334, respectively, for certain property and equipment

During the years ended September 30, 1999 and 1998, the Company accrued dividends of \$360,000 and \$345,000, respectively, related to Series A, Series B, and Series C CPS.

During the years ended September 30, 1999 and 1998, the Company recorded \$51,673 and \$50,981, respectively, in accretion of original issue discount on Series A, Series B, and Series C CPS.

During the year ended September 30, 1998, the Company recorded a \$610,271 noncurrent obligation payable.

(12) Concentrations and Telecommunications Industry Risk

The Company resells long distance telecommunications services to certain wholesale customers. Three significant wholesale customers accounted for approximately 16% and 15% of total revenues for the years ended September 30, 1999 and 1998, respectively, and approximately 18% and 12% of accounts receivable, net at September 30, 1999 and 1998, respectively.

The Company performs initial and ongoing credit evaluations of its customers and maintains an allowance for uncollectible accounts based on the credit worthiness of its customers as well as general economic conditions. Certain customers may be asked to provide security deposits or other forms of security. However, an adverse change in those factors could affect the Company's estimate of its bad debts.

The Company faces intense competition in providing long distance telecommunications service from many carriers, including AT&T, MCI WorldCom, and Sprint, the local exchange carriers ("LECs") and other national and regional interexchange carriers ("IXCs"), where permissible. Certain of these companies have substantially greater market share and financial resources than the Company, and some of them are the source of communications capacity used by the Company to provide its own services.

The Company's ability to transmit long distance telephone calls is dependent upon lease or resale arrangements of network capacity from other carriers. The future profitability of the Company depends on the Company's ability to maintain such arrangements on a cost-effective basis. The Company is currently dependent on four primary carriers but utilizes others to a lesser extent to supplement communication transport services. However, there can be no assurance that the Company will continue to have access, on an ongoing basis, to transmission facilities at favorable rates.

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The telecommunications industry is subject to rapid and significant changes in technology. While the Company does not believe that, for the foreseeable future, these changes will either materially or adversely affect the continued use of existing networks or materially hinder its ability to acquire necessary technologies, the effect of technological changes on the Company's business, including changes related to emerging wireline and wireless transmission and switching technologies, cannot be predicted.

Exhibit G

Authority to do business in Tennessee

Secretary of State

Corporations Section

James K. Polk Building, Suite 1800

Nashville, Tennessee 37243-0306

REC'D OCT 19 1998

DATE: 10/15/98

REQUEST NUMBER: 3572-3143

TELEPHONE CONTACT: (615) 741-2286

FILE DATE/TIME: 10/13/98

EFFECTIVE DATE/TIME:

CONTROL NUMBER: 0283548

TO:

CRG INTERNATIONAL, INC.

2000 RIVEREDGE PKWY

SUITE 900

ATLANTA, GA 30328-4618

RE:

CRG INTERNATIONAL, INC.

CORPORATION ANNUAL REPORT WITH STATEMENT OF CHANGE

OF REGISTERED OFFICE/AGENT

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED ANNUAL REPORT WITH STATEMENT OF CHANGE OF REGISTERED OFFICE/AGENT ON THE DATE AS INDICATED ABOVE.

PLEASE BE ADVISED THAT THE ANNUAL REPORT IS BEING RETURNED FOR YOUR RECORDS DUE TO THE CHANGE OF REGISTERED OFFICE/AGENT.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: CORPORATION ANNUAL REPORT WITH STATEMENT OF CHANGE ON DATE: 10/14/98
OF REGISTERED OFFICE/AGENT

FROM:
NETWORK ONE (ATLANTA, GA)
2000 INT'L PKY
S-900
ATLANTA, GA 30328-4618

RECEIVED: FEES \$40.00 \$0.00

TOTAL PAYMENT RECEIVED: \$40.00

RECEIPT NUMBER: 00002375180
ACCOUNT NUMBER: 00202223

Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

